

City of Mesa

FY 2013/14 Tentative Budget

May 30, 2013

Presented by the Office of Management and Budget



Multi-year Forecast

- Revenues and Expenditures are estimated for the current fiscal year and forecasted over five to eight years

Projects related to the Capital Improvement Program are projected over ten years

Actual revenues and expenditures are reviewed each month and assessed for impact on the forecast

- Unrestricted fund balances are managed according to the City's adopted financial policies.

Fund balance (reserves) as a percent of the following fiscal year's estimated costs are maintained above 8% for each year of the forecast period

Ongoing expenses are identified and funded with on-going revenues

A Balanced Budget

- The State sets the maximum expenditure budget amount for municipalities based on a formula of population and inflation.
- The Mesa voters approved a Home Rule option in the fall of 2010 that allows the City to opt out of the State limitation. The Home Rule option is valid through FY 14/15.
- Home Rule allows the annual expenditure budget to be set equal to the projected available resources.
- The tentative budget sets the maximum amount for the final expenditure budget. The final adopted expenditure budget may be equal to or less than the tentative expenditure budget.

General Fund Revenue Modifications

- Mesa voters approved bond funding for Parks projects in the Fall 2012. The FY 13/14 budget includes an adjustment to the secondary property tax levy to cover the anticipated debt service. The impact to the average assessed levy is about \$25 annually.
- One of the main resources for general government/public safety is a transfer from the Enterprise Fund to the General Fund. This transfer has not been adjusted in more than five years. The FY 13/14 budget adjusts the transfer to \$90.0M.

Utility Rate Modifications

The tentative budget includes utility rate modifications to Water, Wastewater and the residential rates for Solid Waste. The modifications are lower than previously anticipated.

SPRING 2011 FORECAST

	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16
ELECTRIC	0.0%	1.6%	1.6%	1.6%	1.6%
GAS	2.5%	2.5%	2.5%	2.5%	1.0%
WATER	6.8%	6.8%	6.8%	6.8%	6.8%
WASTEWATER	5.8%	5.8%	5.8%	5.8%	5.8%
SOLID WASTE	0.0%	1.4%	1.4%	1.4%	1.4%

SPRING 2013 FORECAST

	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17
ELECTRIC	0.0%	0.0%	0.0%	2.0%	2.0%	2.0%
GAS	2.5%	0.0%	0.0%	3.0%	3.0%	3.0%
WATER	6.8%	0.0%	2.0%	4.9%	4.9%	2.0%
WASTEWATER	5.8%	0.0%	2.0%	4.9%	4.9%	2.0%
SOLID WASTE	0.0%	0.0%	2.0%	4.9%	4.9%	2.0%

Sales Tax Funded Debt Service

- Over the next four years the City is scheduled to use sales tax to cover about \$40.8M in debt service. Shifting a portion of the City's debt service payments to the secondary property tax provides for a more stable revenue source and reduces the sales tax-funded debt service to \$32.0M over four years.
- Shifting a portion of the debt service to secondary property tax would increase sales tax availability by \$2.2M per year and \$8.8M over the next four years. This additional capacity would fund the operations and maintenance of the Park improvements approved by Mesa voters in the Fall of 2012.

Enterprise Fund Transfer

Another option to increase the stability of general fund resources is adjusting the Enterprise Fund transfer to \$92.2M. Adjusting the rates by 3% in FY 13/14 maintains the targeted reserve level over the forecast period.

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WASTEWATER	5.8%	5.8%	5.8%	5.8%	5.8%
SOLID WASTE	0.0%	1.4%	1.4%	1.4%	1.4%

SPRING 2013 FORECAST

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WATER	6.8%	0.0%	3.0%	4.9%	4.9%	2.0%
WASTEWATER	5.8%	0.0%	3.0%	4.9%	4.9%	2.0%
SOLID WASTE	0.0%	0.0%	3.0%	4.9%	4.9%	2.0%

Calendar

June 3 rd	Approval of Tentative Budget Introduction of Utility Rate Ordinances
June 6 th	Overview of Five-year Capital Improvement Program (CIP)
June 17 th	Adoption of Five-year CIP Adoption of FY 13/14 Annual Budget Adoption of Utility Rate Ordinances
July 1 st	Adoption of Secondary Property Tax Levy

